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COR-0063

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NRO REVIEW COMPLETED

30 July 1958

**MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence**

SUBJECT : CORONA and 117L Financing

1. As of 1200 hours on 30 July it was agreed by Messrs. Gordon Gray, Killian and Goodpaster that discussion of the 117L Project should be handled as follows:

a. At the NSC meeting on 31 July there will be a general discussion which will involve no budgetary questions and no revelation whatsoever of CORONA. The purpose will be primarily informative and to discuss the concept and capabilities of the 117L system.

b. At a somewhat later date as yet undetermined there will be a more extensive and more detailed review of the 117L Project for the President. In this session the Director of the Bureau of the Budget will be invited to raise any budgetary questions he desires. This later session should probably be limited to persons witting of CORONA since it is difficult to explore the 117L Project without at least reference to CORONA costs and plans.

2. When the second meeting is held, various financial facts will be presented and issues will be raised. I am not familiar with all of them since I have only limited knowledge of the basic 117L program. I will attempt herewith, however, to summarize the more important facts in as clear a fashion as I can in case you need to be familiar with them.

a. ARPA has tentatively approved Fiscal Year 1959 funds for 117L and CORONA in the amount of [redacted] Of this sum, [redacted] is for 117L and [redacted] is for "additional" costs occasioned by CORONA (explained below).

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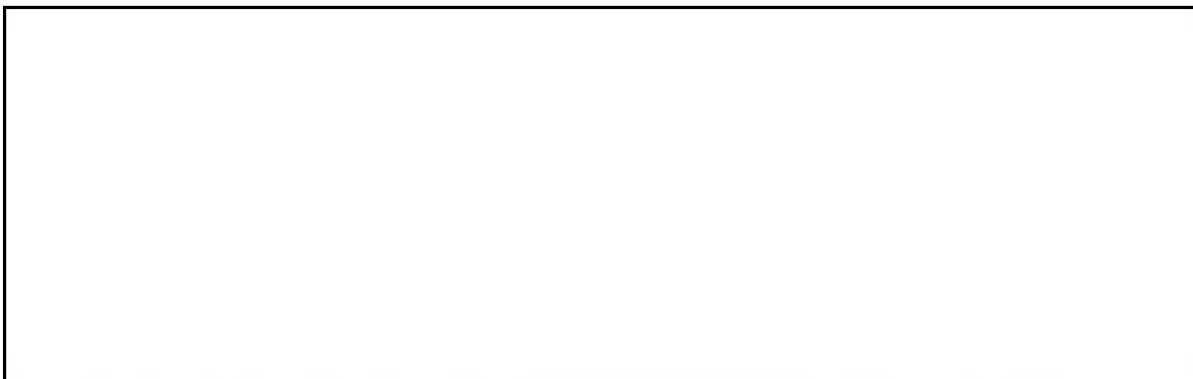
This document contains information
referring to Project **CORONA**

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b. The figure of [] for 117L represents a sizeable increase over an earlier approved expenditure of [] for this Project in the current fiscal year. This increase of [] over the earlier figure is probably the main cause of the Budget Director's current concern. I am not in a position to explain the considerations that have given rise to this increased request by the Air Force and that have justified ARPA's approval of the increase.



3. I return now to the figure of [] quoted above as "additional" costs in Fiscal Year 1959 occasioned by CORONA. This is a peculiar number, the derivation of which you should understand.

a. You will remember that the basic financial agreement with respect to CORONA was that CIA would covertly procure and pay for the payloads; that ARPA would finance THOR and 117L vehicles together with certain overt costs of the payloads; and that these ARPA financed items would be procured by the Ballistic Missile Division of the Air Force.

b. CORONA as approved provided for twelve firings with recoverable satellites. In addition to these twelve, however, it will be necessary as a part of the process of development of the hardware to fire two instrumented vehicles for test purposes and to carry out two more test firings primarily in order to test the recoverable capsule and the recovery procedure. Finally, the procurement of three more THOR/117L vehicles for Biomedical launchings have been programed. Thus a total of nineteen such vehicles are scheduled to be procured and launched.

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c. Before CORONA was ever split off as a separate project, funding had been arranged for ten THOR Lockheed vehicles. Accordingly, to support the present program, nine additional first and second stages must be procured. Each THOR costs (in round figures) [redacted] and each 117L second stage [redacted]

[redacted] Thus each combination costs [redacted] and the total additional funding required for nine more vehicles is [redacted]

d. The ARPA/Air Force program calls for the obligation of [redacted] of these additional costs in Fiscal Year 1959 and [redacted] in Fiscal Year 1960. This is the origin of the requirement for [redacted] in Fiscal Year 1959 to cover "additional" costs occasioned by CORONA referred to in paragraph 2.a. above.

4. The preceding paragraph is an explanation of the [redacted] figure which is most likely to be mentioned as related in some manner to the cost of CORONA. In fact as the explanation should have made clear this number has no real relation to the cost of CORONA and I believe it is important for you to know both how that cost was originally estimated and how it now appears:

a. Under date of 15 April 1958 an outline of CORONA was submitted for approval of higher authority. It stated: (1) That covert procurement of the payload would cost about [redacted] which would be provided by CIA. (2) That 12 first and second stage vehicles (THOR plus 117L hardware) would cost approximately [redacted] and that this procurement would be financed "for the most part by ARPA through the Air Force". Thus the total cost of the Project was presented as [redacted]

b. Subsequently I have discovered that the estimate of [redacted] for the vehicles given to me by ARPA and the Air Force was based on the assumption that the Air Force would absorb the cost of the THOR boosters, leaving only the cost of the Lockheed 117L second stage vehicles as a charge against CORONA to be paid by ARPA. Specific instructions were given by higher authority however that the whole cost of CORONA was to be covered by ARPA and CIA. Since THOR vehicles cost approximately [redacted] each, some [redacted] (the cost of 12 THORS) must be added to the original estimate of [redacted] to obtain a realistic figure for the over-all cost of the vehicles. It

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25X1 must be said, therefore, that an honest estimate of the total cost
25X1 of the program today is around [redacted] including [redacted]
25X1 [redacted] for vehicles and [redacted] of our funds for
25X1 the payloads.

25X1 c. Although it is fair to say that the estimated cost of this
25X1 program has increased by [redacted] since it was presented
for approval in April it should be emphasized that this represents
the inclusion of the new estimate of cost assumed to be covered in
some other fashion when the original estimate was made. The
increase does not represent any change in the estimated cost of
producing specified pieces of hardware.

5. The following are the main financial problems confronting CORONA
at the present time:

25X1 a. Even if the ARPA plan referred to in paragraph 2.a. above
25X1 is finally approved, no financing is as yet in sight for certain costs
common to the Biomedical program and CORONA. If the Biomedical
program is abandoned, the number of firings and of vehicles to be
procured can be reduced by three which would free more than enough
ARPA funds for these common units. [redacted]
[redacted]

b. Although the figures in the preceding paragraph may be said
to honestly reflect the cost of CORONA to the Department of Defense
and ourselves, it must be understood that CORONA is dependent on
many facilities being furnished and much development being carried
out under the basic 117L program. Accordingly if that program is
seriously cut into by the Bureau of the Budget, CORONA might well
suffer. In particular I would mention that CORONA requires both
completion of THOR launch pads at Cook AFB and of down-range
tracking facilities in Alaska and the Hawaiian Islands. Moreover,
CORONA requires a modified rocket engine using more advanced fuel
and the development costs for this engine must come from 117L.

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c. Regardless of amounts of money finally approved, CORONA will suffer the major brunt of any protracted delays in arriving at decisions in releasing funds since the CORONA series of firings will be the first to employ the Lockheed second stage vehicle.

Dictated but not read by:

RICHARD M. BISSELL, JR.
Special Assistant to the Director
for Planning and Development

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3-SA/PD/DCI Chrono (CORONA)
4- *Controller DP/DCI*
5- *all DP DP/DCI*
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